

107TH CONGRESS
1ST SESSION

H. R. 1773

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for the purchase of a principal residence by a first-time homebuyer.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2001

Mr. ENGLISH (for himself and Mrs. THURMAN) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for the purchase of a principal residence by a first-time homebuyer.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CREDIT FOR FIRST-TIME HOMEBUYERS.**

4 (a) IN GENERAL.—Subpart A of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 (relating to nonrefundable personal credits) is
7 amended by inserting after section 25A the following new
8 section:

1 **“SEC. 25B. PURCHASE OF PRINCIPAL RESIDENCE BY FIRST-**
2 **TIME HOMEBUYER.**

3 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
4 dividual who is a first-time homebuyer of a principal resi-
5 dence in the United States during any taxable year, there
6 shall be allowed as a credit against the tax imposed by
7 this chapter for the taxable year an amount equal to 10
8 percent of the purchase price of the residence.

9 “(b) LIMITATIONS.—

10 “(1) MAXIMUM CREDIT.—The credit allowed
11 under subsection (a) shall not exceed \$6,500.

12 “(2) LIMITATION TO ONE RESIDENCE.—The
13 credit under this section shall be allowed with re-
14 spect to only one residence of the taxpayer.

15 “(3) MARRIED INDIVIDUALS FILING JOINTLY.—
16 In the case of a husband and wife who file a joint
17 return, the credit under this section is allowable only
18 if both the husband and wife are first-time home-
19 buyers, and the amount specified under paragraph
20 (1) shall apply to the joint return.

21 “(4) MARRIED INDIVIDUALS FILING SEPA-
22 RATELY.—In the case of a married individual filing
23 a separate return, the credit under this section is al-
24 lowable only if the individual is a first-time home-
25 buyer, and subsection (a) shall be applied by sub-
26 stituting ‘\$3,250’ for ‘\$6,500’.

1 “(5) OTHER TAXPAYERS.—If 2 or more individ-
 2 uals who are not married purchase a principal resi-
 3 dence, the amount of the credit allowed under sub-
 4 section (a) shall be allocated among such individuals
 5 in such manner as the Secretary may prescribe, ex-
 6 cept that the total amount of the credits allowed to
 7 all such individuals shall not exceed \$6,500.

8 “(c) DEFINITIONS.—For purposes of this section—

9 “(1) FIRST-TIME HOMEBUYER.—

10 “(A) IN GENERAL.—The term ‘first-time
 11 homebuyer’ means any individual is such indi-
 12 vidual (and if married, such individual’s spouse)
 13 had no present ownership interest in a principal
 14 residence in the United States during the 3-
 15 year period ending on the date of the purchase
 16 of the principal residence to which this section
 17 applies.

18 “(B) ONE-TIME ONLY.—If an individual is
 19 treated as a first-time homebuyer with respect
 20 to any principal residence, such individual may
 21 not be treated as a first-time homebuyer with
 22 respect to any other principal residence.

23 “(2) PRINCIPAL RESIDENCE.—The term ‘prin-
 24 cipal residence’ has the same meaning as when used
 25 in section 121.

1 “(3) PURCHASE AND PURCHASE PRICE.—The
2 terms ‘purchase’ and ‘purchase price’ have the
3 meanings provided by section 1400C(e).

4 “(d) CARRYFORWARD OF UNUSED CREDIT.—If the
5 credit allowable under subsection (a) for any taxable year
6 exceeds the limitation imposed by section 26(a) for such
7 taxable year reduced by the sum of the credits allowable
8 under this subpart (other than this section), such excess
9 shall be carried to the succeeding taxable year and added
10 to the credit allowable under subsection (a) for such tax-
11 able year.

12 “(e) REPORTING.—If the Secretary requires informa-
13 tion reporting under section 6045 by a person described
14 in subsection (e)(2) thereof to verify the eligibility of tax-
15 payers for the credit allowable by this section, the excep-
16 tion provided by section 6045(e)(5) shall not apply.

17 “(f) DENIAL OF DOUBLE BENEFIT.—No credit shall
18 be allowed under subsection (a) if the credit under section
19 1400C is allowed.

20 “(g) BASIS ADJUSTMENT.—For purposes of this sub-
21 title, if a credit is allowed under this section with respect
22 to the purchase of any residence, the basis of such resi-
23 dence shall be reduced by the amount of the credit so al-
24 lowed.

1 “(h) PROPERTY TO WHICH SECTION APPLIES.—The
2 provisions of this section apply to a principal residence if
3 the taxpayer enters into, on or after June 1, 2001, and
4 before June 1, 2002, a binding contract to purchase the
5 residence, and purchases and occupies the residence before
6 January 1, 2003.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Subsection (a) of section 1016 of such Code
9 (relating to general rule for adjustments to basis) is
10 amended by striking “and” at the end of paragraph
11 (26), by striking the period at the end of paragraph
12 (27) and inserting “, and”, and by adding at the
13 end thereof the following new paragraph:

14 “(28) in the case of a residence with respect to
15 which a credit was allowed under section 25B, to the
16 extent provided in section 25B(g).”.

17 (2) Subsection (c) of section 23 of such Code
18 is amended by striking “section 1400C” and insert-
19 ing “sections 25B and 1400C”.

20 (3) Subparagraph (C) of section 25(e)(1) of
21 such Code is amended by striking “sections 23 and”
22 and inserting “sections 23, 25B, and 1400C”.

23 (4) Subsection (d) of section 1400C of such
24 Code is amended by inserting “and section 25B”
25 after “other than this section”.

1 (c) CLERICAL AMENDMENT.—The table of sections
2 for subpart A of part IV of subchapter A of chapter 1
3 of such Code is amended by inserting after the item relat-
4 ing to section 25A the following new item:

“Sec. 25B. Purchase of principal residence by first-time home-
buyer.”.

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2000.

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